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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

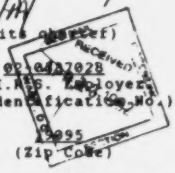
Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For the Quarter Ended January 31, 1992

Commission file number Q-11228

Systems Assurance Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)



23-2477028
(I.R.S. Employer
Identification No.)

One Washington Square, Wyncote, PA
(Address of principal executive offices)

19095
(Zip Code)

Registrant's telephone number, including area code (215)885-2150

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest possible date.

Class	Outstanding at April 9, 1992
Common Stock, par value $.01 per share	23,118,453

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SYSTEMS ASSURANCE CORPORATION

INDEX

PART I: FINANCIAL INFORMATION — Page

Item 1. FINANCIAL STATEMENTS:

Balance Sheets as of January 31, 1992 and October 31, 1991 3-4

Statements of Operations for the Three-Month Periods ended January 31, 1992 and 1991 5

Statements of Changes in Stockholders' Equity (Deficit) for the Twelve-Month Period ended October 31, 1991 and the Three-Month Period ended January 31, 1992 6

Statements of Cash Flows for the Three-Month Periods ended January 31, 1992 and 1991 7

Notes to Financial Statements 8

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 9-10

PART II: OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS..... 11

Item 2. EXHIBITS AND REPORTS ON FORM 8-K..... 11

Signatures..... 12

SYSTEMS ASSURANCE CORPORATION

BALANCE SHEETS

ASSETS

	January 31, 1992 (Unaudited)	October 31, 1991 (Unaudited)
Current Assets		
Accounts Receivable	$ - 0 -	$ - 0 -
Total Current Assets	- 0 -	- 0 -
	$ - 0 -	$ - 0 -

SYSTEMS ASSURANCE CORPORATION

BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	January 31, 1992 (Unaudited)	October 31, 1991 (Unaudited)
Current Liabilities		
Notes Payable		
Trade	$ 159,860	$ 159,860
Affiliates	0	0
Accounts Payable	78,097	85,784
Accrued Interest	86,360	86,360
Accrued Expenses - Affiliate	0	0
Total Current Liabilities	$ 324,317	$ 332,004
Stockholders' Equity (Deficit)		
Common Stock, par value $.01 per share; authorized 30,000,000; issued and outstanding 23,118,453	231,183	231,183
Additional Paid-in Capital	8,973,743	8,973,743
Accumulated Deficit	(9,529,243)	(9,536,930)
Total Stockholders' Equity (Deficit)	(324,317)	(332,004)
	$ - 0 -	$ - 0 -

SYSTEMS ASSURANCE CORPORATION

STATEMENTS OF OPERATIONS

Three-Month Periods Ended January 31, 1992 and 1991

	Three-Month	
	1992	1991
	(Unaudited)	
Revenue		
License fees	$ ---	$1,286
Expense		
Other operating expenses	1,468	7,079
Net loss from operations	(1,468)	(5,793)
Interest expense	(354)	(5,383)
Net loss before extraordinary items and income taxes	1,822	11,176
Extraordinary item		
Forgiveness of indebtedness	9,509	---
Net Income (loss) before taxes	7,687	(11,176)
Income Taxes	---	---
Net Income (loss)	7,687	(11,176)
Earnings (loss) per share	---	---
Weighted average number of common shares outstanding	23,118,454	23,118,454

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

Twelve-Month Period Ended October 31, 1991
and the Three-Month Period Ended January 31, 1992

	Common Stock				
	Number of Shares	$.01 Par Value	Additional Paid-In Capital in Excess of Par	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance October 31, 1990 (Unaudited)	23,118,454	$231,183	$8,973,743	$(10,575,445)	$(1,370,519)
Net Income				1,038,515	1,038,515
Balance October 31, 1991 (Unaudited)	23,118,454	$231,183	$8,973,743	$(9,536,930)	$ (332,004)
Net Income				7,687	7,687
Balance January 31, 1992 (Unaudited)	23,118,454	$231,183	$8,973,743	$(9,529,243)	$(324,317)

SYSTEMS ASSURANCE CORPORATION

STATEMENTS OF CASH FLOWS

Three-Month Periods Ended January 31, 1992 and 1991

	1992	1991
Cash flows from operating activities		
Net Income (loss)	7,687	(11,176)
Adjustments to reconcile net (loss) to net cash (used) by operating activities		
Extraordinary items	(9,509)	---
(Increase) Decrease in accounts receivable	---	---
(Decrease) Increase in accounts payable and accrued expenses	1,822	(11,201)
Total adjustments	(7,687)	(11,201)
Net cash (used) by operating activities	---	(22,377)
Cash flows from financing activities		
Proceeds of notes payable	---	209,042
Payments of notes payable, trade and affiliates	---	(186,665)
Net cash provided by financing activities	---	22,377
Net (decrease) in cash	---	---
Cash at beginning of period	---	---
Cash at end of period	$ -0-	$ -0-

SYSTEMS ASSURANCE CORPORATION

Notes to Financial Statements

1. Basis of Presentation

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information normally included in footnote disclosures in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10K.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Discontinuation of the Service Business for the CIBIS Customers by IDP

On October 15, 1988, the Company entered into an Assignment and Assumption Agreement ("SAC-IDP Agreement") with IDP, pursuant to which IDP was appointed the exclusive licensee to market the Company's products and services, and under which IDP assumed all responsibilities of the Company to service and support existing CIBIS installations and for the administration, marketing, research and development, sales and servicing pertaining to future CIBIS activities. Pursuant to the SAC-IDP Agreement, IDP agreed to pay a royalty to the Company at the rate of 7% of all revenue generated by IDP on account of CIBIS net of any sublicensing fees (approximately $4,000 for each sale of a CIBIS system) incurred in connection with the sale of CIBIS systems. On June 10, 1991, IDP agreed to pay Key Bank $15,600 and return the IBM equipment used to service the CIBIS customers in exchange for Key Bank's general release of all the obligations of the Company and IDP. This resulted in the forgiveness of $230,018 indebtedness that the Company had to Key Bank. Accordingly, IDP on December 31, 1991 discontinued all service to CIBIS customers.

General

The unaudited statements of operation for the three-month periods ended January 31, 1992 and 1991 reflect, in the opinion of the Company, all adjustments necessary to present fairly the results of operations for such periods. Such results are not necessarily indicative of the results for a full year. The statements of operations and other financial statements appearing herein should be read in conjunction with the financial statements, the related notes, Management's Discussions and Analysis of Financial Condition and Results of Operations appearing in the Company's annual report on Form 10-K for its fiscal year ended October 31, 1991, as well as the related notes appearing elsewhere in this report.

Results of Operations

During the three months ended January 31, 1992 the Company had no net revenues and net income of $7,687. The net income for the three months ended January 31, 1992 resulted from forgiveness of indebtedness.

Financial Condition and Liquidity

Severe liquidity problems persisted in 1991. On January 31, 1992 current liabilities exceeded current assets by approximately $324,317 and total liabilities exceeded total assets by approximately $324,317. Accounts payable totaling approximately $78,097 were overdue. Notes payable, including bank and trade notes payable of approximately $159,860, together with $86,360 in accrued and unpaid interest thereon, were also overdue.

The Company is attempting to work with its creditors to avoid any further legal action.

During the three months IDP forgave all of the total indebtedness from Systems Assurance in the amount of $9,509.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The Company is the defendant in an action brought in Massachusetts Superior Court, County of Suffolk, by McDevitt Recruitment Advertisement, Inc. The complaint was served in December 1986. It alleges a breach of an oral warranty of fitness for a particular purpose of a computer system sold to plaintiff in 1982, which allegedly never performed properly. Plaintiff seeks damages of $30,000. The Company believes that it is not liable for any damages.

The Company was a defendant in a lawsuit commenced by Key Bank of Southern Maine. The Bank sought collection of $200,000 due it under the terms of its Line of Credit Agreement with the Company and had entered a default judgment against the Company. The Bank had commenced activities to realize the assets of the Company which the Bank was granted a security interest. On June 10, 1991 the Company's debt to Key Bank was forgiven in exchange for return of equipment owned by IDP, Inc. and payment by IDP of $15,600. This resulted in forgiveness of indebtedness of $230,018, including accrued interest.

The Company is also a defendant in a lawsuit filed by Herrick & Smith, a law firm, seeking approximately $14,284 in unpaid legal fees performed on behalf of the Company.

On January 17, 1989, Kemco, Inc., Portland, Maine, obtained a default judgment against the Company in the amount of $869.57.

A number of the Company's creditors have threatened to commence legal actions against the Company with respect to amounts overdue.

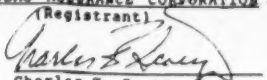
Item 2. EXHIBITS AND REPORTS ON FORM 8-K

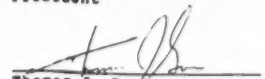
(a) Exhibits - None
(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYSTEMS ASSURANCE CORPORATION
(Registrant)

Date: April 9, 1992 By: 
Charles F. Scott, Jr.
President

Date: April 9, 1992 By: 
Thomas J. Gorman
Secretary/Treasurer,
Principal Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYSTEMS ASSURANCE CORPORATION
(Registrant)

Date: April 9, 1992 By: /s/Charles F. Scott, Jr.
Charles F. Scott, Jr.
President

Date: April 9, 1992 By: /s/Thomas J. Gorman
Thomas J. Gorman
Secretary/Treasurer,
Principal Financial Officer